

# Fiscal Note

*Fiscal Services Division*



**SF 520** – Alternative Fuel Infrastructure Incentives (LSB 1598SZ)

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Fiscal Note Version – New

Requested by Senator Robert M. Hogg

## Description

**Senate File 520** creates a new refundable income tax credit for the installation of commercial, residential, and farm electric and compressed natural gas vehicle refueling infrastructure. The credit is equal to 30.0% of the unreimbursed cost of purchasing and installing the equipment. Commercial installation tax credits may be claimed in equal installments over three tax years. Residential and farm installation credits may be claimed entirely in the initial tax year. All qualified installations must be placed in service prior to January 1, 2015.

The change is effective January 1, 2012, and repealed January 1, 2019.

## Assumptions

- Government entities such as school districts and transit authorities will not qualify as businesses as outlined in the Bill.
- The estimated number of qualified installations, and the average installation cost for each type is provided in the following table.

**Projected Qualified Installations by Type and Average Cost**

	Number of Installations CY 2012	Number of Installations CY 2013	Number of Installations CY 2014	Average Installation Costs
Residential Electric	600	900	1100	\$ 2,800
Residential Natural Gas	10	40	50	\$ 6,500
Commercial Electric	4	8	12	\$ 75,000
Commercial Natural Gas	5	10	15	\$ 400,000
Public Charging Electric	2	3	4	\$ 400,000

## Fiscal Impact

The new refundable tax credit for electricity and compressed natural gas refueling infrastructure is projected to reduce net General Fund revenue by the amounts in the following table.

**Tax Credit Redemptions**

Fiscal Year Basis	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Residential	\$523,500	\$834,000	\$1,021,500	\$0	\$0
Commercial, Year 1	310,000	310,000	310,000	0	0
Commercial, Year 2	0	580,000	580,000	580,000	0
Commercial, Year 3	0	0	850,000	850,000	850,000
Total	\$833,500	\$1,724,000	\$2,761,500	\$1,430,000	\$850,000

Since the tax credit is refundable, there is no impact to the Local Option Income Surtax for Schools.

**Sources**

Natural Gas Vehicle Association  
Center for Automotive Research  
Department of Revenue  
Legislative Services Agency Analysis

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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